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C O N F I D E N T I A L ASUNCION 000597

SIPDIS

STATE FOR WHA/BSC, WHA/EPSC, EB/CBA, INL/C/CP
STATE PASS TO USTR FOR SCRININ, LYANG
USAID FOR AA/LAC ADOLFO FRANCO
TREASURY FOR OSIA MAUREEN WAFER
COMMERCE ITA SARAH COOK
NSC FOR MIKE DEMPSEY
SOUTHCOM FOR POLAD
US SOUTHERN COMMAND MIAMI, FLORIDA

E.O. 12958: DECL: 05/03/2015

TAGS: [ECON](#) [EFIN](#) [ETRD](#) [EINV](#) [SNAR](#) [PA](#)

SUBJECT: PARAGUAY'S VP ON MONEY LAUNDERING AND MWH CASE

Classified By: DCM Kevin M. Johnson for reasons 1.4 (b) and (d).

1. (U) May 2 the Ambassador asked VP Castiglioni to push money laundering legislation presently before two Senate committees (legislation, and budget.) Noting that the draft meets international standards and addresses major GOP and USG priorities but has been in the Senate for almost a year, the Ambassador said the time was right for a strong push from the executive. The Embassy, SEPRELAD, and allies on the Supreme Court have lobbied key Senators, coordinating with Castiglioni's staff, and the VP could be very helpful at this juncture. Castiglioni said he was glad to help and asked his legislative assistant to brief us on the state of play. After further discussion, the VP agreed to call the Chairs of both committees (whose recommendations to the full Senate are key) and to have his staff and SEPRELAD this week provide technical briefings to committee members.

2. (C) The Ambassador sought assistance in resolving a debt owed to the U.S. company Montgomery Watson Harza (MWH) by the Yacyreta bi-national dam. Explaining that the Argentine representative on Yacyreta had agreed to a settlement of about \$ one million, the Ambassador said agreement by the Paraguayan representative was the last obstacle. The Ambassador said he had met with the then Paraguayan rep (recently moved to be the President's legal adviser) Carlos Goiburu, and written to both Minister of Public Works Aldrete and Presidente Duarte. Castiglioni immediately called Goiburu, leaving a message, and said he would follow up this week with the new Yacyreta rep.
KEANE